



# **IDAHO AGRICULTURE TRADE ISSUES**



***ARCHIVED*  
IMPORT &  
RESOLVED ISSUES**

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Marketing Idaho Food and Agriculture  
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# INTRODUCTION

The Trade Issues Workgroup was formed in February 1999 to address trade barriers for Idaho agriculture. The Workgroup examines sanitary and phytosanitary procedures (SPS), tariffs, quotas, animal health requirements and other trade barriers.

The workgroup is a partnership between Idaho State Department of Agriculture's Divisions of International Trade and Domestic Market Development, Plant Industries, and Animal Industries. Other key partners are Boise USDA APHIS Office, Idaho commodity commissions and the related associations, and the Idaho exporting community.

Current trade issues identified by industry as priority issues are listed in the bi-annual publication, **Idaho Agriculture Trade Issues Report (IATIR)**. The import and resolved export issues have been archived in this document to keep the IATIR publication focusing on current issues only. The current resolved and import issues will be listed IATIR, and will be moved to this document bi-annually as well.

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# IMPORT ISSUES

## ARGENTINA

### HONEY: Sale of Product at Less than Fair Value (LTFV) by Argentina and China Producers

In September 2000, the American Honey Producers Association and the Sioux Honey Association filed a petition with the International Trade Commission and Commerce, alleging that the honey industry was being injured by LTFV imports of honey from Argentina and China and that Argentina subsidized their industry's honey products. In November 2001, the ITC determined the industry had been injured and the USDOC issued antidumping and countervailing duty orders on imports of honey from Argentina and an antidumping duty order on imports of honey from China. Some of the duty orders have been rescinded, but honey imports from Argentina were cut in half between 2000 and 2001, and again between 2001 and 2002. Honey imports and programs to assist U.S. product marketing will continue to be an issue. However, this issue is not one that requires consistent monitoring.

## AUSTRALIA

### LAMB: Excessive Imports

In July 1999, the U.S. imposed safeguard measures on imports of fresh, chilled or frozen lamb meat from New Zealand and Australia in the form of tariff rate quotas and duty rates. After consultations and an investigation, the WTO panel issued its report in December 2000, finding certain aspects of the U.S. safeguard measure to be inconsistent with WTO rules. In August 2001, the Administration decided to eliminate the tariff-rate quota effective November 15, 2001. On July 16, 2002, the tariff-rate quota was finally removed. The U.S. has provided up to \$42.7 million in additional assistance through FY 2003 to help the U.S. industry continue adjusting to import competition. Australian lamb imports into the U.S. have slowed, but are still continuing to grow in 2003. Lamb imports and programs to assist U.S. product marketing will continue to be an issue. However, this issue is not one that requires consistent monitoring.

## CHINA (People's Republic of China)

### FRUIT: Dumping of Concentrated Apple Juice

In June 2000, the Commerce Department imposed antidumping duties ranging from 9% to 52% on 11 Chinese apple juice exporting firms. U.S. apple growers sought this trade remedy because apple concentrate imports from China increased by more than 1,200 percent between 1995 and 1998. China's share of the U.S. market jumped from one percent to 18 percent during that three year period. At the same time, the average price of apple juice concentrate from China declined from \$7.65 per gallon in 1995 to \$3.57 per gallon in 1998.

The U.S. apple industry requested an administrative review in June 2001, asking the U.S. government to increase the antidumping duty rates. In October 2001, U.S. Department of Commerce announced that it would apply antidumping duties of up to 52% on all forms of non-frozen Chinese apple juice

concentrate. This added semi-frozen concentrate that had been entering duty free, closing a loophole that had previously permitted suppliers and importers to circumvent the U.S. government's ruling.

In November 2002, the DOC announced final plans to change a key element of its original decision and is in the process of removing some tariffs currently imposed on some Chinese exporters. DOC recommended to the U.S. Court of International Trade (CIT) that the U.S. change the surrogate market-economy country used to calculate China's costs of production. The decision is not final, but could eliminate duties for five of the nine Chinese concentrate exporters under evaluation by Commerce, and impose import duties of 28.33 percent on four others. All other Chinese concentrate export companies would continue to be subject to 51.72 percent import tariffs. The CIT has made some adjustments to this program based on individual producers.

AJC imports and programs to assist U.S. product marketing will continue to be an issue. However, this issue is not one that requires consistent monitoring.

#### HONEY: Sale of Product at Less than Fair Value (LTFV) by Argentina and China Producers

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# RESOLVED ISSUES

## ARGENTINA

### DAIRY: Export Certificates

In 2002, SENASA, Argentina's Department of Agriculture began requiring a new sanitary certificate. The U.S. industry asked USDA to assist in drafting text agreeable to all parties. USDA's Agricultural Marketing Service (AMS) and Animal and Plant Health Inspection Service (APHIS) along with SENASA finalized the wording for the Argentine Sanitary Certificate for Exports of Dairy Products from the U.S. The certificate is available for use. The AMS Dairy Grading Branch will provide the certificate for exporters shipping product from USDA or Interstate Milk Shippers-approved production facilities. The exporter or manufacturer must complete the "Worksheet for Sanitary Certificate for Exports" and then mail or fax the worksheet, along with the manifest, to the national field director for AMS in Glen Ellyn, Ill., which will issue the official certificate within three to four business days.

### FRUIT: Phytosanitary Barrier on Pears

Until August 2002, Argentina banned the importation of pears from the states of Idaho, Oregon and Washington due to unspecified phytosanitary concerns. In 2002, a treatment protocol was enacted so that fruit with fire blight issues could be imported after specific treatment. Even though the protocols are in place for shipments, exports of pears to Argentina have not increased.

## AUSTRALIA

### SEED: Sweet Corn -- Various diseases

Idaho is the only U.S. state allowed to ship sweet corn seed to Australia. In April 2002, the Idaho work plan was established, requiring export field registration, field sanitation and pest control measures, export crop inspection and testing, packing house registration and procedures, pre-export seed inspection as well as packing and labeling requirements and on-arrival inspections. Details of the protocols can be obtained from USDA or ISDA. Australia prohibits the import of all biotech seed, unless it has an import permit. Idaho growers are preparing to ship seed in the 2003 season.

## BRAZIL

### DAIRY

#### Issue: Ingredient Restrictions

In 1999, Brazil changed its standards to be in compliance with Codex standards. Previously, Brazilian dairy regulations concerning yogurt products did not allow the use of Whey Protein Concentrate (WPC) as an ingredient in yogurt. Codex and U.S. yogurt standards permit WPC in yogurt.

#### Issue: Individual Plant Inspection and Approval

Since 1999, suppliers wanting to ship to Brazil had to have their plants individually inspected and pre-approved by Brazilian authorities. USDA, FDA and the U.S. Dairy Export Council (USDEC) worked with

Brazil's Meat and Dairy Inspection System (DIPOA) to change the requirements. In 2001, a Brazilian plant inspector met with USDA and FDA officials, toured various dairy and meat facilities and reviewed the U.S. certification process. In 2002, Brazil initiated a new policy that allows plants listed in the AMS publication "Dairy Plants Surveyed and Approved for USDA Grading Service" or the U.S. Food and Drug Administration's Interstate Milk Shippers (IMS) to export to Brazil after completing the required paperwork. Plants approved only under state inspections will not be accepted. OAA/Brasilia and DIPOA jointly maintain a list of plants approved for export. DIPOA retained all previously registered U.S. dairy plants and are gradually de-listing facilities that no longer appear on AMS/IMS lists. U.S. dairy exporters expect to reap an estimated \$3 million a year from the change in policy.

#### FRUIT: Pears -- Phytosanitary Requirements

In January 2001, Brazil's plant quarantine organization (DDIV) published a new regulation requiring pears be treated with either chlorine or SOPP due to the presence of fire blight in Northwest production areas. The regulation was published without discussions between USDA's Animal and Plant Health Inspection Service (APHIS) and DDIV and Brazilian officials did not provide evidence that the previous inspection-only protocol, used over the previous four to five years, was inadequate. While chlorine treatment is a potential option, it is not workable for most pear shippers. The Northwest Horticulture Council (NHC) protested the new requirements. In November 2001, the NHC was informed that DDIV would be forced to withdraw the regulation that allowed post-harvest use of SOPP as it was not registered in that country. Brazil's federal laws prohibit DDIV from requiring the use of an unregistered chemical for phytosanitary treatment purposes. APHIS worked to reinstate the fire blight inspection protocol that had been in place prior to January 2001. After negotiations and protocols were established, pears were shipped to Brazil during the 2002 season.

#### PEAS, LENTILS, and CHICKPEAS: Fumigation Requirements

Brazil required fumigation for any peas, lentils, and chickpeas imported from the U.S. Domestic researchers found Idaho did not have significant numbers of the insects that prompted the fumigation requirement. Additionally, Brazil did not require the fumigation certificate from the U.S.'s largest competitor, Canada. The Bruchidae family, commonly called storage seed weevils, is the prominent group of pests that are of concern for these types of grains in Brazil.

In April 2001, Brazil changed their requirements. For peas, Brazil requires inspections for pests and diseases. Fumigation is no longer required. There are no requirements listed for imports of lentils and chickpeas so the requirements are determined by the conditions listed on the import permit.

## CANADA

#### ALFALFA HAY: Cereal Leaf Beetle (CLB)

Alfalfa hay shipped to British Columbia is regulated for Cereal Leaf Beetle (CLB). Alfalfa hay from Idaho, the Northwest and infected areas in California must be fumigated. Cereal Leaf Beetle is already present in southeastern British Columbia in the Creston Valley. Cereal crops including wheat and barley are hosts to the CLB. Cereal grains can be found as weeds in alfalfa hay. Since British Columbia already has the pest and does not regulate the movement of hay within the province, it is unreasonable to require fumigation of alfalfa hay from Idaho.

ISDA sent a request to USDA in February 1999 and to USTR in December 2000, asking for a resolution. In 2001, the situation was clarified that the Creston Valley in British Columbia is a quarantine area. Shipments of alfalfa hay may be shipped to that area from Idaho without fumigation. However, all products from the Creston Valley must be fumigated before shipment to other areas of

Canada. This puts the U.S. on a level playing field with the producers in the Creston Valley area. Therefore, fumigation is still required for shipments of alfalfa hay to Canada (except the Creston Valley). In addition, the requirement for an in-field treatment has been dropped.

### CATTLE: Exchange of Production Information

Per the December 1998 US-Canada Record of Understanding on Agricultural Trade, the Canadian government began publishing information on fed cattle. This information is currently available by CanFax in a timely manner and in a consistent enough format to assist Idaho producers in making marketing decisions.

### FRUIT

#### Issue: Apples -- Alleged Dumping of Red Delicious Variety

The Canadian International Trade Tribunal (CITT) ruled in 1995 that Red Delicious apples were being sold in Canada at less than the cost of production. A floor price was established at \$12.99 per carton. If the FOB price fell below this floor price between October 1 and June 30, an antidumping duty was collected on the difference. The Canadian International Trade Tribunal rescinded the antidumping ruling on February 8, 2000.

#### Issue: Apple Maggot

British Columbia required that apples imported from the U.S. come from a state free of apple maggot based on annual pest surveys or undergo costly cold storage treatment. California, Oregon and Washington were allowed to ship apples without treatment from an apple maggot-free area within their states. Idaho has an apple maggot-free zone that includes Canyon, Owyhee and Payette Counties and a portion of Washington and Gem Counties. USDA submitted Idaho's apple maggot data to the Canadians in 1999 and asked that British Columbia accept Idaho apples from these maggot-free zones without requiring cold storage treatment. The Canadian Food Inspection Agency changed the regulation and it became final in December 2000.

### SUGAR: Imports of Sugar Syrups

Imports of sugar syrups (H.S. #1702.90.40) from Canada are duty free. Refined and raw sugar (HS 1701), on the other hand, face a heavy duty. The U.S. is importing significant quantities of sugar syrup from Canada. Although it was blended in Canada, the raw sugar was often imported from Brazil or Australia. This product was sold to the U.S. and the sugar was extracted. It is clearly a practice designed to avoid the quota.

In 1999, the U.S. sugar industry asked U.S. Customs to re-classify the syrup product as raw sugar which was done. The Court of International Trade overturned the Customs Service ruling and the government and the U.S. Sugar Beet Association appealed that decision to the Court of Appeals. In 2001, the Court of Appeals for the Federal Circuit in Washington D.C. upheld a U.S. Customs Service ruling that blends of sugar and molasses imported through Canada are subject to the quota limitations on sugar imported into the U.S. The Court of Appeals reversal holds that the Customs Service's classification is the law. Congress passed amendments that should permanently close the loophole by making stuffed molasses and other products applicable to U.S. legal tariff rate quota for refined sugar.



## WHEAT and BARLEY: Karnal Bunt

In the 1998 U.S.-Canada Record of Understanding on Agriculture Trade, Canada committed to eliminating burdensome testing requirements for Karnal Bunt on U.S. grain. In 1999 Canada recognized 14 northern U.S. states as Karnal Bunt free. Idaho was not one of those states despite the fact that Karnal Bunt had never been identified in Idaho and a Karnal Bunt quarantine is enforced. Canada claimed Idaho was not included in the first year as an additional year (fourth year) of survey data was required even though several states in the first tier (CT, MA, ME, MI, MT and others) did not have any survey data or only had three years of data. USDA submitted 1999 survey data to the Canadians. Idaho was finally approved as a Karnal Bunt-free State in January 2001.

## CHILE

### FRUIT

Issue: Apple Maggot

Before 2001, Idaho apples were prohibited in Chile. In 2000, an import protocol was established for Washington, resulting in apple exports to Chile. ISDA worked with USDA APHIS and the Northwest Horticulture Council to negotiate similar protocols for Idaho. ISDA sent apple maggot information to APHIS and in August 2001, the Idaho and Oregon producers were allowed to ship apples to Chile. Potential sales are estimated at more than \$1 million per year for the two states' fruit industries.

Issue: High Tariffs

Chile assesses a tariff of 6% ad valorem on the CIF value with an additional 18% value added tax. The 2003 passage of the U.S.-Chile Free Trade Agreement will provide U.S. horticulture better access to Chile's market as three-quarters of U.S. farm goods will enter Chile duty-free within four years (all duties will be phased out over 12 years).

## CHINA

FRUIT: Cherries – Phytosanitary Barrier

In 2003, China approved a work plan for cherry exports from Idaho, Oregon and Washington. The work plan includes pest control measures for Mediterranean fruit fly through trapping and recording in orchards for three seasons. There are other specific requirements regarding inspecting, packing, labeling and exporting. In addition, if Cherry Fruit Fly or Coddling Moth is found, the packing facility will be banned from exporting and the shipment will be either fumigated or destroyed. A Phytosanitary Certificate is required as is an additional declaration that, "All fruit in this shipment has been grown in accordance with relevant regulations of PRC and within the approved growing sites."

### POTATOES

Issue: Dehydrated -- Sulfite Tolerance

Until March 2002, China limited the sulfite level, a bleaching agent and preservative frequently used in the U.S., to 30 parts per million (PPM) for dehydrated potatoes. This level is below international standards. Some processors had difficulty meeting the requirement and market share was lost.

In the U.S., sulfites are “generally recognized as safe” with some very broad restrictions. Therefore, there is no standard specified for dehydrated potatoes and good manufacturing practices are applied. There is no Codex standard established for sulfites on dehydrated potatoes either. Some other countries have established standards for dehydrated potatoes specifically or dried vegetables in general. In all cases, they are significantly higher than the 30 PPM established by China.

<i>Country</i>	<i>Sulfite tolerance (PPM)</i>	<i>Product</i>
Canada	500	No specific standards for dehydrated potatoes. Tolerance established for “unstandardized foods”
UK	400	Dehydrated granulated potatoes
New Zealand	3000	Dried fruits and vegetables
Singapore	550	Dehydrated potatoes

In July 2001, the U.S. Potato Board (USPB) submitted an application to the Commission of Food Additive Standardization to increase the China National Standard for SO<sub>2</sub> level in dehydrated potato products to 600 PPM. After supplying additional information, the final report was submitted to the Ministry of Health. Both the Ministry of Public Health and the Plant Quarantine Division (CIQ) accepted the report, and in March 2002, the Chinese Ministry of Public Health issued an announcement to change the tolerance to 400 PPM, which is 200 PPM below the application amount. However, this is within international standards and is the same standard used by the U.K.

#### Issue: Phytosanitary Certificates for Processed Fruits and Vegetables (Potatoes)

China had been requiring phytosanitary certificates (phytos) for processed potato products including frozen and dehydrated potatoes. USDA authorizes the issuance of federal phytos that certify plant products free of pests and diseases. However, the manufacturing process of heat treatment and/or cold temperatures renders the likelihood of processed products harboring plant pests negligible. International Standards for Phytosanitary Measures under the International Plant Protection Convention (IPPC) provides that importing countries should not require phytos for plant products that have been processed so they have no potential to introduce regulated pests. USDA prohibits federal phytosanitary certificates from being issued on processed products.

In the early '90s, to assist with customs clearance, the Idaho State Department of Agriculture (ISDA) created a state phyto to meet the needs of Idaho exporters. ISDA asked USDA to add “Frozen and Dehydrated Fruits and Vegetables” to the list of items that can be certified for export using the Processed Plant Products Export Certificate, PPQ Form 578. In 1998, the USDA-APHIS addressed the issue and China officials agreed that phytos would not be required. However, exporters continued to be asked for the certificates.

In 2001, it was suggested that the Certificate of Quality and Condition (CQC) Agricultural Marketing Service (AMS) Form FV –146CS, be accepted in place of a phyto. In 2002, the Chinese government accepted and implemented the USDA/AMS document. The CQC is appropriate for processed products and certifies that the “product is in good condition and appears fit for human consumption.” AMS approves U.S. facilities once a year and then issues the CQC based on faxed requests (no samples are required as the plant certification addresses the phytosanitary issues). The cost of plant certification is between \$300-\$500 annually and the cost of the AMS certificates is \$47 for the first certificate and \$23 for each subsequent certificate for that shipment.

In 2002, APHIS/PPQ required ISDA to stop issuing state phytos for processed products due to APHIS commitment to the IPPC.

In regard to other processed fruits and vegetables, USTR seeks to limit the use of this AMS document to only processed potatoes. Documentation issues have occurred on other processed fruits and vegetables exported to China. Currently, exporters are using the CQC for all processed fruits and vegetables being exported to China.

### WHEAT and BARLEY: TCK Smut

China had prohibited Pacific Northwest wheat and barley since 1972 due to the presence of TCK smut. The April 1999 bi-lateral agreement between the U.S. and China immediately lifted the TCK ban. Shipments of U.S. wheat must be tested for TCK by an accredited U.S. laboratory. The tolerance level has been set at 30,000 TCK spores per 50-gram sample. Idaho levels are considerably lower. Therefore, it has not been difficult for industry to meet the new requirements.

## JAPAN

### DAIRY

Issue: Anticaking Agent

In 2002, the U.S. Dairy Export Council (USDEC) announced that Japan had finally changed their additive requirements to allow for the use of Sodium Seroxyanide, an anticaking agent used in salt. This allowance is beneficial to many industries, not just dairy, and has been well received by industry.

Issue: Labeling Restrictions on WPC

As of 2003, industry has chosen to put the labeling restrictions on Whey Protein Concentrate (WPC) on hold as the current standard is not limiting exports of whey isolates. Before April 1998, whey proteins with a protein level over 65% were not classified as a dairy ingredient. After negotiations, the protein level was changed to 80%. Skim milk powder and other dairy ingredients are labeled simply as "dairy ingredient" on retail products. Many Japanese manufacturers do not use whey proteins of 80% and higher because they do not want to list whey proteins separately on the label as the listing could confuse consumers.

## KOREA

### BEEF: Import Quotas, Restrictions on Marketing and Distribution

Korea had a complex regulatory scheme that discriminated against imported fresh, chilled and frozen beef. Beef was imported under a government-set quota through the Simultaneous Buy and Sell (SBS) System and irregularly timed tenders by the Livestock Products Marketing Organization (LPMO). Beef importers had to be licensed which effectively restricted U.S. beef imports to ten so-called "super-groups" under the SBS system. Korea's retail marketing regulations required imported beef to be separated from domestic product at the retail level and only a select and limited number of beef stores were allowed to sell imported beef. Korea had 45,000 shops selling only domestic beef and 5,000 shops that sold only imported beef. These practices were clearly discriminatory.

Korea's GATT commitments required Korea to import minimum volumes of foreign beef annually. The U.S. and Korea negotiated two bi-lateral "Record of Understanding on Market Access for Beef" agreements in 1990 and 1995 with specified quota commitments and an agreement to liberalize beef trade by January 1, 2001. The agreements, however, did not address tariff reductions past 2004 or

the discriminatory retail practices. The U.S. and Australia filed a WTO complaint against Korea's discriminatory retail marketing practices, super group system limiting who could legally import beef, mark-up practices and excessive domestic subsidies. In January 2001, a final WTO ruling in favor of the U.S. and Australia allowed smaller Korean retailers to sell both domestic and imported beef. In January 2001, Korea eliminated all quotas and the complicated import system. In September, Korea complied with the WTO Dispute Panel and allowed butcher shops to sell both domestic and foreign beef, eliminating the dual retail system.

High tariffs remain the most significant impediment to beef trade with a 40% tariff scheduled for 2004. Beef exports to Korea have increased and U.S. beef is gradually working its way into the 45,000 shops that had been selling only Korean beef. Marketing barriers of product knowledge and benefits are being addressed by the U.S Meat Export Federation (USMEF).

## DAIRY

### Issue: pH Declaration

In February 2002, the U.S. Dairy Export Council announced that some dairy product exports were delayed into Korea. In November 2001, the Korean government began enforcing a new labeling rule as a result of the 2001 BSE outbreak. All dairy products must include a health certificate stating they were made from raw milk with a pH less than 7 and pasteurized at 72°C (161.6°F) for 15 seconds. All properly handled raw milk in the U.S. has a pH below 7. Without this information, shipments are forced to undergo inspection at the Korean port, a process that can take up to 18 days. With the health certificate, shipments now proceed without delay.

### Issue: Food Standards

Korean food manufacturers would like to lower production costs by using whey and modified whey products. Whey Protein Concentrate (WPC) is not allowed as an ingredient in yogurt. Previously it was not allowed in frozen deserts, but this code was revised in 2001.

In 1998, the U.S. Dairy Export Council (USDEC) submitted a petition to the Korean Ministry of Agriculture requesting Korean officials to expand the current definition of non-fat milk solids to include whey products, fermented milks and ice cream. Additional technical questions, supplemental materials and a new petition were provided in 2000. The Korean National Veterinary Research & Quarantine Service (NVRQS) reviewed the petition. In December 2001, the Korean government issued a Code revision, allowing whey solids to be used in ice cream, ice milk, sherbet, low fat ice cream and non-fat ice cream (up to 25% milk solids) as a replacement for skim milk powder.

## POTATOES: Product Misclassification

Blended potato formulations that should enter under the tariff classification of HS 2005.2 are misclassified by the Korean Customs Service as HS 1105. The blended products are subject to the restrictive quota and excessive over-quota tariff of 317%. In order to qualify as a potato preparation, Korea requires that 10% of the product be additives. After many industry and government meetings, industry requested FAS remove this issue from discussions as product is moving without issue into Korea under the blended category.

## SEED: Quality Standard Concerns

In May 2002, the American Seed Trade Association (ASTA) was informed that the Korean government lab reported germination test results in the low 70's. The seed was retested in a Korean university,

which showed upper germination in the 80's and 90's. The Korean government buyers reduced the payment amount on the containers, creating a loss for the U.S. supplier.

Realizing it would take time to resolve this technical issue, most U.S. seed companies decided to use the International Seed Testing Association germination method to minimize trade disruptions and commercial disputes.

## MEXICO

### CATTLE: Importer Registration

In April 2001, Mexico announced new regulations for all Mexican beef and cattle importers. Importers of live bovine animals, fresh or chilled beef, beef offal and other bovine meat products had to be registered with Mexico's Treasury (SHCP) by June 1, 2001, listing the specific products they import. Previously, importers were able to register as a "generic" importer without specifying products. The short implementation period was of concern, but the regulation change did not seriously impact trade.

### FRUIT

#### Issue: Border Clearance

Fruit shipments had frequently experienced delays and customs refused clearance for minor clerical errors. In 2002, bi-lateral meetings resulted in a tolerance of 2% for boxes not stamped with the TF number (a federal identification number assigned by the Tax Department) and a list of acceptable documentation "substitutes". Shipments proceeded without many difficulties as Mexican SAGAR officials made efforts to keep trade moving. Fruit is processed normally through the ports of Nuevo Laredo, Mexicali, Tuxpan, Veracruz, Tijuana, Ciudad Juarez, Nogales, Ciudad Reynosa and Manzanillo.

#### Issue: Tariff Rate Quotas

The 2003 apple tariff rate quota under NAFTA is 0%. No import duty is assessed on pears, apricots, plums or cherries from the U.S. Peaches and nectarines are assessed a 6% tariff. Mexico has a 15% value added tax (VAT) which is assessed on the FOB invoice value plus the ad valorem duty.

## PERU

### DAIRY: Export Certificates

In 2002, Peru and the U.S. agreed on export certification language that allows all federally inspected and approved U.S. dairy plants to export to Peru. U.S. dairy plants registered on either the *AMS Approved Plant list* or the *Interstate Milk Shippers (IMS)* compliance list or the *E.U. Approved U.S. Dairy Exporters* list are eligible to ship dairy products to Peru. AMS will provide the certificates reflecting the new requirements, eliminating APHIS certificates from the process.

Peruvian officials tightened inspection requirements on export certificates and package labels in 2001, resulting in some U.S. shipments being detained in port. The U.S. Dairy Export Council (USDEC) worked with APHIS, AMS and USDA's Foreign Agricultural Service to develop a new certificate addressing the requirements of SENASA, Peru's agriculture inspection agency.

# TAIWAN

## DAIRY: Whey -- Bleaching Agents

The use of benzoic acid as a bleaching agent in whey powder was not allowed. U.S. whey manufacturers were permitted by FDA to bleach annatto-colored whey with benzoyl peroxide. The U.S. Dairy Export Council (USDEC) submitted a petition to Taiwan for the use of benzoyl peroxide in whey powder. On December 20, 1999, the Taiwan Department of Health, Food Sanitation and Safety approved USDEC's petition permitting the use of the bleaching agent.

## FRUIT: Phytosanitary Issue

In the fall of 2002, Taiwan closed its market to U.S. apple imports after two shipments each contained a single codling moth larva. USDA APHIS and the Taiwan government officials immediately met and outlined preliminary steps to reopen the market. More stringent inspection requirements were put in place and the market reopened in early December 2002. Protocol revisions were added in 2003.

## POTATOES – FRESH

### Issue: Quota Limitations

Taiwan had a quota that limited shipments of U.S. fresh potatoes to 5,000 MT (approx. 275 containers) from April 1 – November 30 only. The quota was very small and the time frame was very limiting. As part of Taiwan's WTO accession package negotiated with the U.S. and completed in February of 1998, Taiwan agreed to eliminate the quota entirely on fresh potatoes and reduce the tariff from 25% to 20%. This went into effect on January 1, 2002 when Taiwan entered the WTO.

### Issue: Sprout Inhibitor Documentation

In June 2001, Taiwan requested federal documentation guaranteeing that U.S. fresh potato exports had been treated with a sprout inhibitor to prevent potatoes from being planted in Taiwan and potentially spreading quarantined pests or diseases. Initially, Taiwan requested the federal phytosanitary certificate (phyto) indicate that the product had been treated. Since a sprout inhibitor treatment is not related to a plant pest or disease, USDA-APHIS would not allow the phyto statement addition unless it was placed in the box for "other distinguishing marks." That notation, however, would require that every single product, package or carton be stamped with "treated with sprout inhibitor." Such markings are not pre-printed on packaging materials and would be costly to change and many fresh potatoes are merchandised in the retail store in the carton in which they are shipped.

Instead a "shipper affidavit" was developed that can be signed by the ISDA Bureau of Shipping Point Inspection. Taiwan accepted the alternative document and began requiring it (along with the phytosanitary certificate) for all shipments beginning October 20, 2001.